

**State Agency and School Food Authority Oversight Responsibilities of
Food Service Management Companies**

Purpose:

This instruction sets forth the policy to provide guidance for school food authorities who contract with a food service management company (FSMC).

Scope:

Participants in the School Breakfast Program (SBP) and the National School Lunch Program (NSLP).

Description:

State Agency Responsibilities:

1. Annually review contract between school food authorities and food service management companies.
2. Conduct an on-site review of each school food authority contracting with a food service management company to determine the school food authority's compliance with all provisions and standards set forth in Program Regulations (§210.16)
3. The on-site review must be conducted at least once every five years to ensure compliance with §210.19(a)(6).

School Food Authority Responsibilities when using a FSMC:

The National School Lunch Program (NSLP) regulations permit school food authorities to contract with FSMC's to manage its school food service operations; however, the regulations prohibit delegation of certain duties. The school food authority, not its FSMC, is responsible for:

1. Observing the limitations on the use of nonprofit food service revenues account (§210.9(b)(1)), including using nonprofit food service account funds to pay only allowable costs regardless of the costs billed by the FSMC:
2. Determining the eligibility of children for free and reduced-price meals (§210.9(b)(7));

3. Ensuring that only reimbursable meals are included on the claim for reimbursement (§210.9(b)(8)), regardless of the number of meals billed by the FSMC;
4. Not permitting the accrual of all income and expenses to the FSMC (§210.16(c));
5. Ensure procedures (§ 210.7(c)) are in place to determine the validity of meals claimed for reimbursement; and
6. Conduct an annual on-site review of each school before February 1 of each school year to ensure the validity of the meal counting and claiming systems the school has in place.
 - a. When that review identifies problems with a school's meal counting or claiming procedures, the school food authority must ensure the school implements corrective action and within 45 days of the review, conduct a follow-up on-site review to determine if the corrective action resolved the problems.
 - b. Whether the school food authority operates its food service or uses a FSMC, the school food authority must conduct this on-site review and remains responsible for ensuring deficiencies are identified and effective actions are taken to correct any deficiencies that are found.

SOURCE: USDA, *FOOD AND NUTRITION MEMORANDUM*, DATED, MARCH 1, 2004,
NATIONAL SCHOOL LUNCH PROGRAM REGULATIONS:
[HTTP://WWW.FNS.USDA.GOV/CND/GOVERNANCE/REGULATIONS/7CFRpart210.PDF](http://www.fns.usda.gov/cnd/governance/regulations/7CFRpart210.pdf)